

DEFENSE FINANCE AND ACCOUNTING SERVICE

FREQUENTLY ASKED QUESTIONS (FAQs)

REGARDING COMPUTERS AND THE YEAR 2000 COMPUTER ISSUE

As the calendar moves forward to the year 2000, our customers (service members, retirees, civilian employees, annuitants and vendors) are asking questions about the year 2000 computer issue, referred to as Y2K, and its potential effect on them. We have consolidated the most frequently asked questions specific to DFAS and hope that your concerns are addressed as you browse this web page.

This page is divided into two sections: Payment Concerns and Generic Y2K information.

The DFAS staff sincerely hopes that these FAQs will answer the concerns of our customers. If you have questions specific to DFAS operations which are not answered here please call Cathy Ferguson at 703-607-2716

PAYMENT CONCERNS

Q. Will I get paid in January 2000?

A. YES.

Q. Will automatic payments and deposits to DFAS customers continue to be processed accurately and on time?

A. Yes. All payment systems are Y2K compliant and capable of accurately reading the Year 2000 date. DFAS does not anticipate significant problems or disruption to the normal payment process. We have received assurances from the Federal Reserve Bank and the Department of Treasury that the electronic fund transfer system will be operational. In the unlikely event of a disruption of normal operations we have contingency plans to help ensure proper and timely payments. For example:

Payments: Military (including retirees) and civilian pay contingency plans provide for pre-calculating and staging of electronic fund transfer payments and check print files prior to the end of 1999. If needed, these files will be used to pay employees on their normal payday. Last payment information is archived and can be recalled if needed. Our contingency plans also include having additional check stock on hand to issue checks for any returned payroll or vendor electronic fund transfers that are unable to be processed by financial institutions experiencing Y2K difficulties due to noncompliance or isolated shutdowns. The financial systems and contingency plans are being evaluated during testing this spring and summer. Testing will include virtually every aspect of our financial systems, from the service provider to DFAS to the Federal Reserve to the financial institutions.

Q. For service members and DoD civilians stationed overseas, how will Y2K affect deposits to NationsBank?

A. The NationsBank Military Operations Division has advised they are Year 2000 ready and have confidence they will be able to provide services to their members. This is based on a series of tests successfully completed by NationsBank on March 31, 1999. For more information on the NationsBank Y2K program please visit their web site at www.nationsbank.com/. This web site also includes a section, prepared by the Office of Comptroller of the Currency, with answers to frequently asked Year 2000 questions from bank customers.

Q. If I have problems with my personal pay account - such as incorrect leave balance, pay, eligibility, or payments - what should I do?

A. Contact your local Field Service Organization, Personnel Support Detachment, or Human Resources Department (as applicable). Military retirees should contact the same Customer Service number they currently use 1-800-469-6559, FAX 1-800-469-6559, and for notification of deaths/casualties 1-800-469-5170. These offices will be prepared to assist in correcting discrepancies resulting from Y2K in the same manner that they would assist with regard to routine difficulties.

Q. What, if anything, can I do to reduce the possibility of pay difficulties due to Y2K?

A. Make any elective changes to your personal accounts as early in 1999 as possible and no later than November 1999. Keep paper copies of records that would affect your pay and leave status. Don't make changes that would affect pay accounts in the final weeks of December, such as changes of financial institution, address changes, allotments, automatic payments, retirements and tax exemptions unless absolutely necessary. Keep in mind that your pay accounts are your responsibility as much as the responsibility of DFAS or Personnel. As such, you should check with your bank to ensure it is addressing the Y2K computer issue.

Q. Has DFAS had any assurances that banks are prepared to process electronic fund transfers from DFAS to its customers?

A. DFAS has been working very closely with the financial sector to ensure banks will be able to process electronic fund transfer payments. This includes close coordination with the Federal Reserve Bank, the Treasury's Office of Comptroller of the Currency (OCC) and other regulatory agencies such as the Federal Deposit Insurance Corporation (FDIC). These agencies have expended a tremendous effort to ensure the financial community is ready for Y2K. For instance:

The OCC and other financial institution regulators have a comprehensive program in place to ensure that financial institutions are ready to face the challenges of Y2K. The OCC has completed two rounds of on-site exams. Another exam, based on the banks' testing, will be completed by July 1999. Although they will not release readiness information on specific

financial institutions they have assured DFAS that virtually all national banks are making adequate progress in preparing for the Year 2000 and less than 2 percent of the financial institutions were rated at less than satisfactory. The OCC also reports that those financial institutions, which fall into this 2 percent, have been very responsive in correcting deficiencies. The FDIC web site (www.fdic.gov/) contains some insight into the effort to ensure readiness of the banks.

DFAS is conducting tests with the Federal Reserve Bank who is conducting tests with all banks and financial institutions they serve to ensure they are ready to process electronic fund transfer payments from DFAS. In addition, the FRB has extensive redundancy built into their process and contingency plans to ensure delivery of payment information to financial institutions.

For more information on the FRB's program please visit their web site at www.ffiec.gov/y2k/ or www.bog.frb.fed.us. The World Bank Group web site also contains some good information www.worldbank.org/y2k regarding efforts of foreign banks.

GENERIC Y2K INFORMATION

Q. Are the mission critical systems used by DFAS Y2K compliant?

A. DFAS has 42 software systems that are considered to be mission critical. We are pleased to report that all but 1 system are application compliant. All systems are scheduled to be totally compliant by the end of July 1999.

Q. Does DFAS have a structured Y2K program in place to identify any potential problem areas?

A. DFAS has had an ongoing program for three years. Every software system, program and file in use by DFAS has been logged, categorized, verified for compliance and scheduled for upgrade, modification or replacement as necessary. We mentioned there are 42 mission critical systems used by DFAS, but we are also tracking mission essential and non-mission critical systems. To check the status of a specific system browse the compliancy certificates under <http://www.dfas.mil/y2k/certs.htm>

Q. What assurances can you give that DFAS will be able to provide timely and accurate service in the event of power loss, communications failure, hardware failure, data corruption, or system corruption due to Y2K problems?

A. Every DFAS office has contingency planners to coordinate the efforts of DFAS personnel in preparing for the very situations you mention. Business managers and functional area experts have developed plans that address failures specifically relating to Y2K. For instance, DFAS contingency plans include prepositioning of payroll files to enable payments to be processed in the unlikely event that DFAS experiences a disruption in normal payroll processing. These contingency plans will be tested and evaluated in advance of Y2K critical dates.

Q. Has DFAS developed contingency plans to ensure continued operations should third-party failures occur, such as suppliers, vendors and key service providers?

A. Contingency planning for Y2K has been a major effort in DFAS. Contingency plans specific to Y2K have been written, reviewed and "paper-tested" for all core and core support business processes and mission critical systems. Further testing of the contingency plans specific to Y2K will continue throughout 1999 at every Center and Operating Location within DFAS. Many of our critical service providers will be involved in this testing. Also, as part of the contingency planning process, key service providers have been identified and will be queried as to their readiness and ability to conduct business and provide services in the Year 2000. Vendors or suppliers who will

not be Y2K ready or who are at risk of “closing their doors” due to Y2K problems will be replaced with alternate vendors and suppliers, as practicable, in advance of Y2K.

Q. Will customer records and accounts continue to accurately reflect any activity regardless of possible Y2K interruptions?

A. Barring unforeseen circumstances, accuracy should be assured. DFAS is conducting testing with critical data exchanges to help ensure that our systems are ready. Also, we are preparing contingency plans in coordination with critical data exchanges, such as the different Armed Services personnel systems, to ensure we maintain accurate customer records. Just in case the unlikely occurs, we are taking precautionary actions such as file backup and hardcopy printout of critical files.

Q. Will DFAS inform its customers of its Y2K efforts?

A. We are using a variety of media to keep our customers informed. We have disseminated information via newspaper stories, television interviews, Congressional hearings, Armed Forces news publications, reports to the President’s Y2K Council, and the Internet. We are working hard to keep all of our internal and external customers informed of our Y2K preparedness efforts.

Q. Does DFAS have information on the Y2K status and preparedness of financial institutions?

A. We have been regularly communicating with the Federal Reserve Bank (FRB), the Comptroller of the Currency, and financial institution regulatory organizations such as the Federal Deposit Insurance Corporation (FDIC) regarding Y2K preparedness of financial institutions. These organizations are closely monitoring the financial institutions they regulate or insure. For instance, the OCC has completed two rounds of on-site exams. Another exam, based on the banks’ testing, will be completed by July 1999. Although they will not release readiness information on specific financial institutions they have assured DFAS that virtually all national banks are making adequate progress in preparing for the Year 2000. The FDIC web site (www.fdic.gov/about/y2k/) contains some insight into the effort to ensure readiness of the banks. Based upon the efforts of these organizations, DFAS is optimistic that the commercial financial organizations will be prepared for Y2K, but if you have doubts please contact your financial institution directly. Also, you may find useful information on their web pages: FRB www.ffiec.gov/y2k/ or www.bog.frb.fed.us/y2k/, and FDIC www.fdic.gov/about/y2k/.

Q. Where can I find more information about Y2K?

A. For additional information on Y2K you can contact the Federal YEAR 2000 Information Center 1-888-USA-4-Y2K, from 9 a.m. to 8 p.m., Eastern time zone. Also, the following web sites contain Y2K information which may be of interest to DFAS customers:

President's Council on Y2k - www.y2k.gov

US Government gateway for Y2K - www.itpolicy.gsa.gov/mks/yr2000/y2khome.htm

FRB - www.fffec.gov/y2k/ or www.bog.frb.fed.us/y2k/

FDIC - www.fdic.gov/about/y2k/

OPM - www.opm.gov/html/yr2000.htm

GAO - www.gao.gov/y2kr.htm

SSA - www.ssa.gov/year2000

DoD Y2K - <http://www.defenselink.mil/specials/y2k/home.htm>

World Bank - www.worldbank.org/y2k

NationsBank - <http://www.nationsbank.com/y2k.html>

ITAA - www.ita.org/year2000.htm

Mitre - www.mitre.org/research/y2k

Gartner Group - www.gartner.com